

Out of the ordinary

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Nottingham Civic Exchange



Out of the Ordinary:

Exploring the lives of ordinary
working families



Nottingham
Civic Exchange

NOTTINGHAM
TRENT UNIVERSITY



What is Nottingham Civic Exchange?

Nottingham Civic Exchange has been established by Nottingham Trent University, working in partnership with the RSA, to:

- maximise research, policy and practical impact by bringing our University colleagues together with partners seeking to address the needs of our communities;
- influence debate by becoming one of the region's best-established and high-profile arenas for discussion and information sharing;
- act as a bridge between NTU research and current policy debates, linking to government departments, shadow departments, select committees and other policy fora;
- support NTU's civic engagement through linking together our students and colleagues with civic agencies through placements, volunteering, or research projects; and
- provide a focus for our students of social sciences to gain practical experience of the analysis, dissemination, and impact of policy.

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Out of the Ordinary

Exploring the Lives of Ordinary Working Families from a Local Perspective

Introduction

Ordinary Working Families. The Squeezed Middle. Just About Managing. Alarm Clock Britain. Whatever the preferred term, and whatever the precise definition, the challenges facing people earning low to medium salaries have remained high on the political agenda in recent years. Given their prominence in the recent general election campaign, it is reasonable to assume they will do so for some time to come.

The debate is not simply about the level of household income. It encompasses practical matters around access to housing and education alongside less immediately tangible concerns, such as financial resilience. Although the terminology used by commentators, researchers and politicians may vary, the core issues appear similar.

Crucially, and despite headline economic growth, households on median incomes experience increased vulnerability. This combines objective shifts in the labour market with subjective feelings arising from a range of perceived threats. There is a growing realisation that the resulting impact upon the lives of Ordinary Working Families – in terms of security of incomes and stability of living standards – has been neglected in Government policy. The focus on the poorest and the wealthiest has, it is argued, left this group feeling excluded. As the aftermath of the Brexit vote has brought into sharp relief, this exclusion is having a pronounced influence on political discourse. Nonetheless, the voices of those living within these families are seldom heard within the discussion.

Bringing local voices into the policy arena is one of the unique contributions that the Nottingham Civic Exchange will make across a range of contemporary issues. As a place-based think tank, NCE will illuminate and inform national policy debates – starting with the concerns around Ordinary Working Families – from the perspectives of Nottingham and Nottinghamshire. The importance of this initial focus is underscored by a recent analysis of income **inequality by the Resolution Foundation**; ‘When it

comes to living standards, geography **matters’ (Resolution Foundation, 2017). The purpose of NCE is summarised on page two.**

In this, the first of our reports on Ordinary Working Families, NCE has conducted a new analysis of available data to map struggling communities across our region in order to highlight the issues underlying variations in household income. In the following pages, we set out: what we have done to date; what we found; what we intend to do next; and how you can get involved. There is a detailed account of the findings of our initial analysis. Some of these data and some of these conclusions will be familiar, but we judge it is vital that we share these in order to create a firm foundation for our future programme of work. Of course, there may be additional or alternative interpretations and we look forward to incorporating these into our thinking.

Simultaneously, in partnership with the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), the NCE has looked at recent policy approaches to Ordinary Working Families and this investigation will be available at www.thersa.org.

In forthcoming work, NCE will develop a programme of original research which it is envisaged will suggest practical solutions and policy interventions of relevance to Nottingham, Nottinghamshire, and the wider region. Some of these proposals may have salience nationally. An important strand of this work will engage with people from Ordinary Working Families themselves, to design research, to explore the issues and to develop positive ways forward.

NTU has a strategic commitment to engaging with the social, economic and cultural issues that shape the city and the county. It is an active member of most of the fora – such as the D2N2 LEP – within which many of the issues raised in this report are debated, and where local approaches to specific challenges – such as enhancing the skills base of the

population – are formulated. NTU is also a major employer in its own right, employing around 4,000 full-time equivalent staff and creating another 6,500 jobs beyond its own campuses, mostly in the local community. It recognises that there may be messages that it will need to reflect on from this project as it develops its recommendations.

At the outset of this section, we noted that the terms applied to this category of families vary. Imprecise terminology may have political benefits,

but in embarking on a programme of analysis we believe it is important to distinguish some clear characteristics. For us, Ordinary Working Families comprise of households which contain at least one child and where one person is in paid employment. This distinguishes this group from the broader Just About Managing category, for instance, which contains single person households, pensioners, and the economically inactive.

What we have done

- We reviewed the academic and public policy literature to compare the different definitions of Ordinary Working Families and the Just About Managing group.
- We conducted a new analysis of Understanding Society, a UK-wide survey, the largest data set in the UK based on interviews with a panel of the same people from the same households year-on-year that builds up a picture of how their lives are changing. We analysed several annual accounts of this data, **exploring the differences between households' objectively recorded income and their subjective perceptions of their financial standing.**
- We explored official estimates of household income, after housing costs, for the financial year ending 2014 at the level of individual neighbourhoods, comparing Nottingham and Nottinghamshire to the East Midlands and the UK. We looked at this data against small-area estimates of households and households below the median income, as well as proportions employed by main job type. We also modelled house sale prices with household income to map house affordability.
- We examined the key labour market statistics published by the Office for National Statistics (ONS) on the structure of employment and annual earnings from paid work for the Local Authority Districts in Nottinghamshire County, alongside Nottingham City and the regional and national averages. We established how the types of jobs people do, and the level of skill associated with those jobs, relates to differences in earnings and income.
- **We explored Nottingham Trent University's 2015 full-time undergraduate intake and looked at where our students came from using ACORN Household Classifications. We tested these classifications measured against students' disclosed household income to create a distribution of Not Managing, Just About Managing, and Managing across each of the ACORN household classifications.**

What we found

- Economic precariousness is indeed an important feature of the lives of Ordinary Working Families. This can either be in objective terms, where they may live financially close to the poverty line; or in subjective terms, where they may feel a level of insecurity in relation to financial resilience.
- Many households move between living in and just above poverty levels even if they have a member who is employed. This is due to insecure, changing or low income, and variations in living costs, such those consequent to the birth of a child.
- **There are differences between governments', economists' and families' understanding of what it means to be Just About Managing.** Analysis of the Understanding Society survey shows that average net household income for those who see themselves as just about getting by is £34,500. This means that 40% of this group within the Understanding Society sample have a household income above the currently used financial measure for Just About Managing households. We estimate there are at least 6 million adults in working households with income above the national average but who self-identify as Just About Managing financially.
- **Using the Resolution Foundation's 2016 income-based definition,** we have found that Ordinary Working Families are more likely to be found in the East Midlands than in the East, London, South-East and South West regions of the UK.
- In the city of Nottingham, Ordinary Working Families are particularly affected by low pay. Compared to the UK as a whole, a higher proportion of Nottingham residents work in sectors and occupations where low pay is more common, such as caring roles and the leisure industry. One of the implications of this is for housing affordability. Our analysis at a local level shows the areas across Nottingham where the average household income will be insufficient to support the purchase of an averagely costed home within the neighbourhood.
- There is an income disparity between Nottinghamshire and Nottingham City. A relatively large number of highly paid and highly skilled workers in Nottingham City are resident elsewhere, and a lower proportion of residents are able to access or progress within the better-paid and more highly skilled jobs within the city.
- Our work connects directly to our own student body. A large proportion of Nottingham Trent University students come from households that can be defined as Just About Managing. 21% of our full-time 2015 undergraduate intake came from areas classed as Just About Managing. However, this figure rises to 32% of our 2015 cohort from Nottingham and Nottinghamshire.



From an analysis of the 'Understanding Society' survey we found the average net household income for those who see themselves as just about getting by is

£34,500



In 2015

21%

of Nottingham Trent University students came from Ordinary Working Families



Ordinary Working Families are more likely to be in the **East Midlands** than East, London, South-East and South West regions



In the city of Nottingham, Ordinary Working Families are particularly affected by **low pay**

What we are going to do next

Nottingham Civic Exchange will:

- work with Nottingham Trent University staff, our partners, students and communities to establish a distinctive and innovative programme of research on Ordinary Working Families
- engage with Ordinary Working Families to undertake participatory action research, that will be designed to robustly explore the issues which these families and family members experience
- organise events which will bring together community representatives, professional agencies and public sector bodies with understanding and experience of the issues relating to Ordinary Working Families, to consider the outcomes of the research
- support the development of practical solutions and policy interventions of relevance to Ordinary Working Families in Nottingham, Nottinghamshire, and the wider region.

Who are the Ordinary Working Families?

context and definitions

There is no one single categorisation of Ordinary Working Families (OWFs) which is recognised consistently by government or by commentators. In **Nottingham Civic Exchange's analysis, we have used the objective income measure proposed by the Resolution Foundation of household income between £12,000 and £34,000 per year (this income measure is net of tax and benefit receipts and is equivalised to account for different household sizes).**

Theresa May said in her first statement as Prime Minister in July 2016: **"You can just about manage but you worry about the cost of living and getting your kids into a good school"** (May cited in Gov.uk, 2016a). Whilst many think tanks have explored the economic and social lives of this group (Policy Exchange, 2015; Joseph Rowntree Foundation, 2016, 2016a, 2017; Resolution Foundation, 2016; Citizens Advice, 2016; Centre on Household Assets and Savings Management – (CHASM), 2016), what constitutes an Ordinary Working Family varies according to use in policy terms, for political debate, and in understanding from a data point of view. There is little consistency between these usages.

Common characteristics of Ordinary Working Families are that: a) they are categorised as households as opposed to individual adults; b) they are measured by household income as opposed to individual earnings; and c) what is of most concern is their financial in/security and in/stability. In **addition, these households may be "benefit reliant" rather than "benefit dependent", but for our purposes at least one adult in the household will be working (excluding retired households).** However, an interesting point to note is that the Institute for Fiscal Studies found that between April 2010 and April 2016 the value of the state pension increased by over 22% compared to a growth in earnings of 7.6% and a growth in prices of over 12%. Pensioner incomes have grown so much that, after housing costs, they are now the least likely major demographic group to be in income poverty (IFS, 2016).

In terms of the economic situation of Ordinary Working Families, the Resolution Foundation's

(2016) analysis of the UK population defines OWF **groups as "low to middle income households as comprising those in the bottom half of the income distribution who are above the bottom ten per cent and who receive less than one-fifth of their income from means-tested benefits" (Resolution Foundation, 2016: 2).** Its analysis shows that 5.8 million working-age households in the UK sit in this category, receiving the majority of their income from employment and are earning between £12,000 and £34,000 per year (once again bearing in mind that this income measure is net of tax and benefit receipts and is equivalised to account for different household sizes), yet are **"counted among the poorest half of households" (Ibid.).**

Furthermore, a study carried out by the Money Advice Service in 2015 that explored financial resilience estimated that 23% of UK adults could be **defined as "struggling", 25% as "squeezed", and with 48% "cushioned"** (Money Advice Service, 2015). Other research findings emphasise the point that those Just About Managing can fall into and out of poverty at any time due to a lack of control over financial stability (Joseph Rowntree Foundation, 2016, 2016a, 2017; Resolution Foundation, 2016; Citizens Advice, 2016; CHASM, 2016). Evidence **suggests they are "less able to save for a rainy day" (Joseph Rowntree Foundation, 2016a) due to unexpected life events, such as a family member falling ill or the car breaking down.** Similarly, CHASM (2016) found that 60% of lower income households would struggle to find £200 in an emergency.

In addition to the objective financial measures by which to define this group, there are of course subjective measures to consider, including self-reporting of financial stability. There is an important and interesting contrast between these objective and subjective measures, which our analysis has echoed. Financially, 16% of the UK population fall into this category based on their household income (£12,000 - £34,000) (Resolution Foundation, 2016), whereas in 2016 37% self-reported that they felt they were Just About Managing financially (YouGov, 2016)¹. At the other end of the spectrum, the Resolution Foundation (2016) found that larger

¹ Note: YouGov calculate that 21% of their weighted sample were aged 65+ which would include retirees.

families can be earning around £50,000 a year and still be categorised in the low-middle income **household bracket due to the effect of a partner's income or the number of dependents in the household** (Resolution Foundation, 2016). This significant difference for who is considered to be in the OWFs category suggests the need to explore what it feels like to be Just About Managing and what makes the difference between Just About Managing and not.

Whilst academic literature does not tend to focus specifically on OWFs, there is an array of literature on austerity and poverty in Britain and social class. The literature tells us that those falling into poverty **most often do so due to a "significant life-course event", such as changes in household members' earnings or changes in household demography** (Jenkins, 2011). Savage et al (2013) undertook a study of class that avoids relying solely on income and occupation but also includes the more complex ways that class operates symbolically and culturally. **Nottingham Civic Exchange's analysis is not making** the case for OWFs as a class, but Savage et al do point to new emerging social classes that relate to the OWFs grouping in terms of occupation and financial insecurity. They outline seven categories of social class, three of which had household incomes **between £12k and £34k, which they call: "emergent service workers", earning on average £21,048; "traditional working class" – £13,305; and "new affluent workers" – £29,252.**

The new affluent workers and emergent service workers have evolved from the traditional working class grouping due to de-industrialisation, mass unemployment, immigration, and the restructuring of urban space (Savage et al, 2013: 246). These classes have significantly less savings compared to their middle-class or elite counterparts. Whilst enjoying higher incomes than the traditional **working class, the "new affluent workers" are** therefore potentially more vulnerable to the economic impact of significant life events.

In the next section, we explore these objective and subjective standpoints further by conducting a new analysis of the Understanding Society survey data in the UK between 2010 and 2015. Before doing so, it may be useful to establish the terms of geographical reference for those unfamiliar with the area. **"Administrative boundaries" are at the level of** county or district. This is the level by which the Office of National Statistics publish their data.

"Statistical boundaries" are broken down into what is known as "NUTS 1, 2, and 3", as well as "Census Super Output Area". The region's NUTS 3 regions are: North Nottinghamshire, South Nottinghamshire, and Nottingham City.

The Unitary Authority boundary is referred to as **"Nottingham City" which consists of the city centre and its immediate suburbs: St. Ann's, Radford, Lenton, Sherwood, Mapperley, Sneinton, Dunkirk, and Clifton.** Nottingham City Council is responsible **for this area. "Greater Nottingham" is a term used** by both the City Council and the County Council to refer to the wider conurbation and economic geography of Nottingham that consists of **"Nottingham City", Rushcliffe, Broxtowe, and Gedling Local Authority Districts.**

Nottingham has a distinctive economic geography. Nottingham city centre is both a centre of economic activity, a wealth generator, and the location of more deprived neighbourhoods. The wider area, however, compares relatively well in many respects. People who live and work in Nottingham and across the border in the neighbouring County would not necessarily recognise these administrative boundaries, and certainly would not see Nottingham as an unequivocally Just About Managing city. However, this particular geography does drive many of the observations highlighted below.

Objective and subjective understandings of financial status: UK findings from the Understanding Society Survey

Using UK data from Understanding Society for the years 2010-11 to 2014-15, analysis of working households by Nottingham Civic Exchange, in collaboration with the University of Birmingham (see Wheatley et al, 2017), has generated important new findings that provide insight into the broader case of Just About Managing households with respect to objective income measures and subjective perspectives of financial status.

What is of significance in this analysis is that the subjective interpretation of Just About Managing is not wholly consistent with income brackets. Within the Understanding Society sample, the average net annual household income among those who subjectively considered themselves as just about getting by, was approximately £34,500, highlighting that many households within this group actually earn above the upper income banding used in objective measures. In fact, around 40% of those who subjectively report just about getting by have net annual household incomes above £34,000.

Headline findings from Understanding Society from analysis conducted by Nottingham Civic Exchange:

- Just About Managing groups are more likely to have a person in the household in part-time employment or self-employment compared to higher income groups. They are over-represented in elementary occupations (14.6%) as well as lower-skilled sales and customer service roles.
- Just About Managing groups are more likely to privately rent for their household tenure, but it was also found that a significant amount **(44.4%) also reported “owning with a mortgage”**. Housing costs as a percentage of income are also higher for middle income households (21.3%) compared to those earning between £50,000 and £75,000 (16.5%).
- According to the objective findings, the family status of the Just About Managing groups is more likely to be single / unmarried or, divorced / widowed compared to upper middle-income groups. Similarly, these groups are more likely to have children and dependents in the household under the age of four, which increases the probability of falling into poverty².
- With respect to the provision of care for ill or elderly relatives or friends, members of objectively defined Just About Managing households are some of those most likely to provide this form of care. The subjective data also suggest that carers are more likely to report being in financial difficulties.
- In terms of location, the objective measures tell us that Just About Managing households are less likely to be found in the East, London, South East and South West regions of the UK compared with the East Midlands.

² Poverty is defined by the ONS as: “An individual is considered to be in poverty if they live in a household with an equivalised disposable income below 60% of the national median. This is the poverty threshold most commonly used in official UK and EU statistics” (ONS, 2015: 2).

Household income: the broad picture

The maps below (Figures A, B and C) give visual representations of household income after housing costs. The lighter areas are those where household income is higher, and the darker areas are where it is lower. We can see that generally household incomes are higher in London and the South-East. However, this should not disguise the fact that London contains both concentrations of low income and household incomes at the highest levels.

These maps represent an annualised mean household income at the neighbourhood level (MSOA), using the equivalised weekly after housing cost figures from a ONS' small area income estimate

release (ONS, 2016). NCE has annualised these and divided them into deciles. Comparisons across **regions should be used cautiously due to ONS' methods for calculating these estimates.** We have visualised the East Midlands and Nottingham and Nottinghamshire geographies to provide a more detailed view below.

Whilst several areas in the region contain pockets of households with low income levels, in general the lowest household income levels are concentrated in the cities of Leicester and Nottingham, in areas on the Lincolnshire coast and in some of the areas north of Nottingham city. This is shown in more detail for Nottinghamshire in the final map.

Figure A: National map of household income based on ONS income estimate data, financial year ending 2014 (ONS 2016)

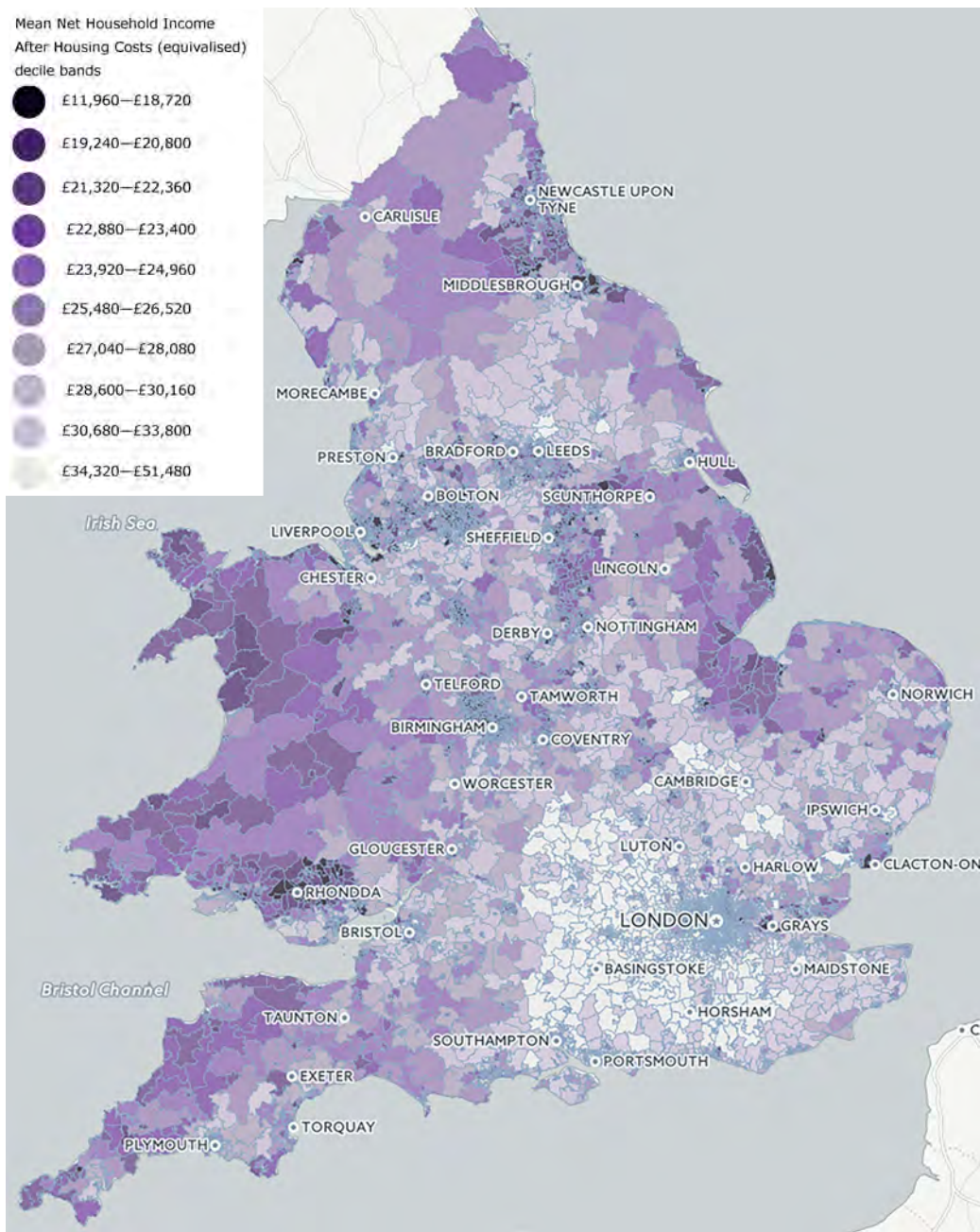


Figure B: East Midlands map of household income based on ONS income estimate data, financial year ending 2014 (ONS 2016)

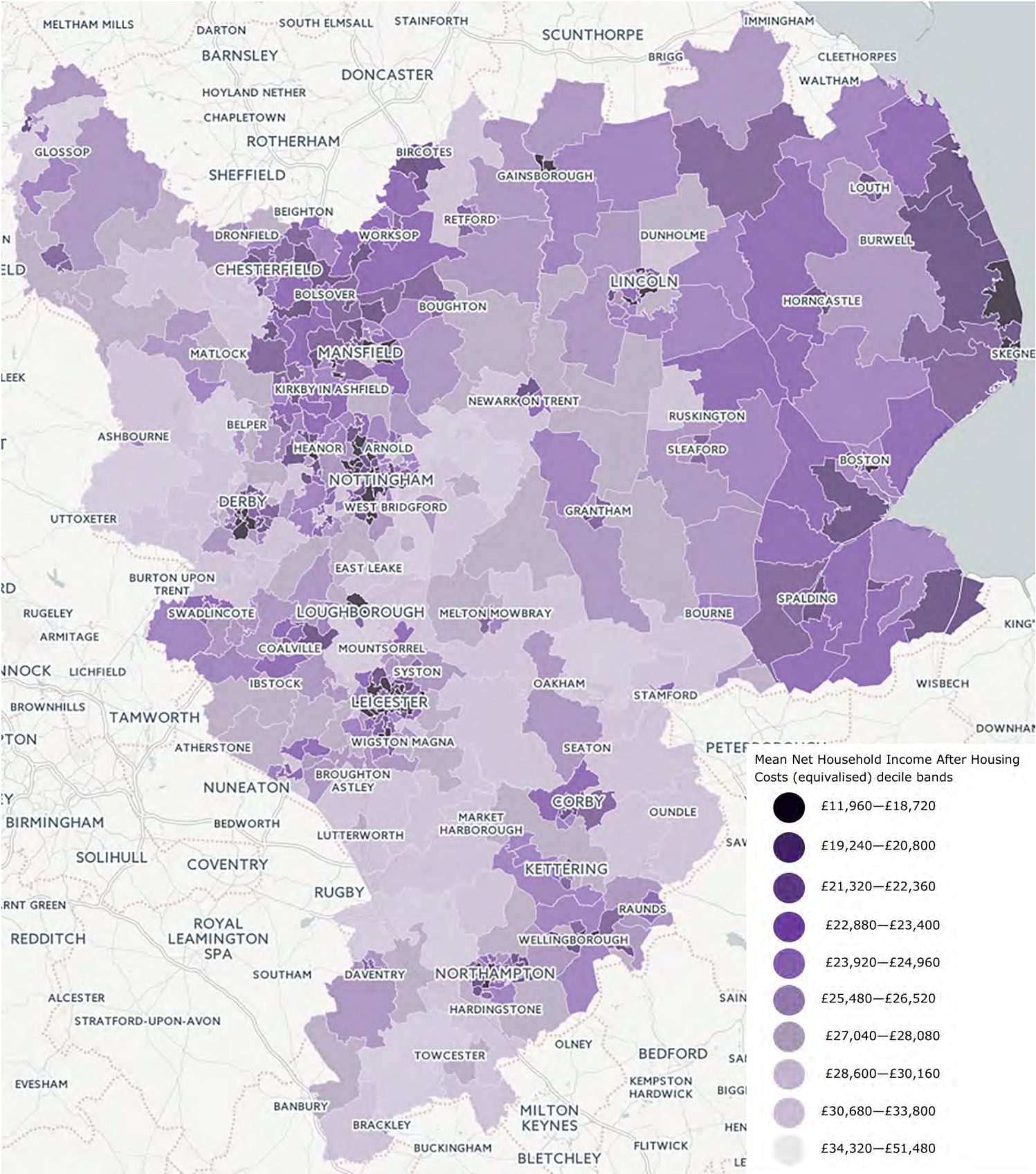
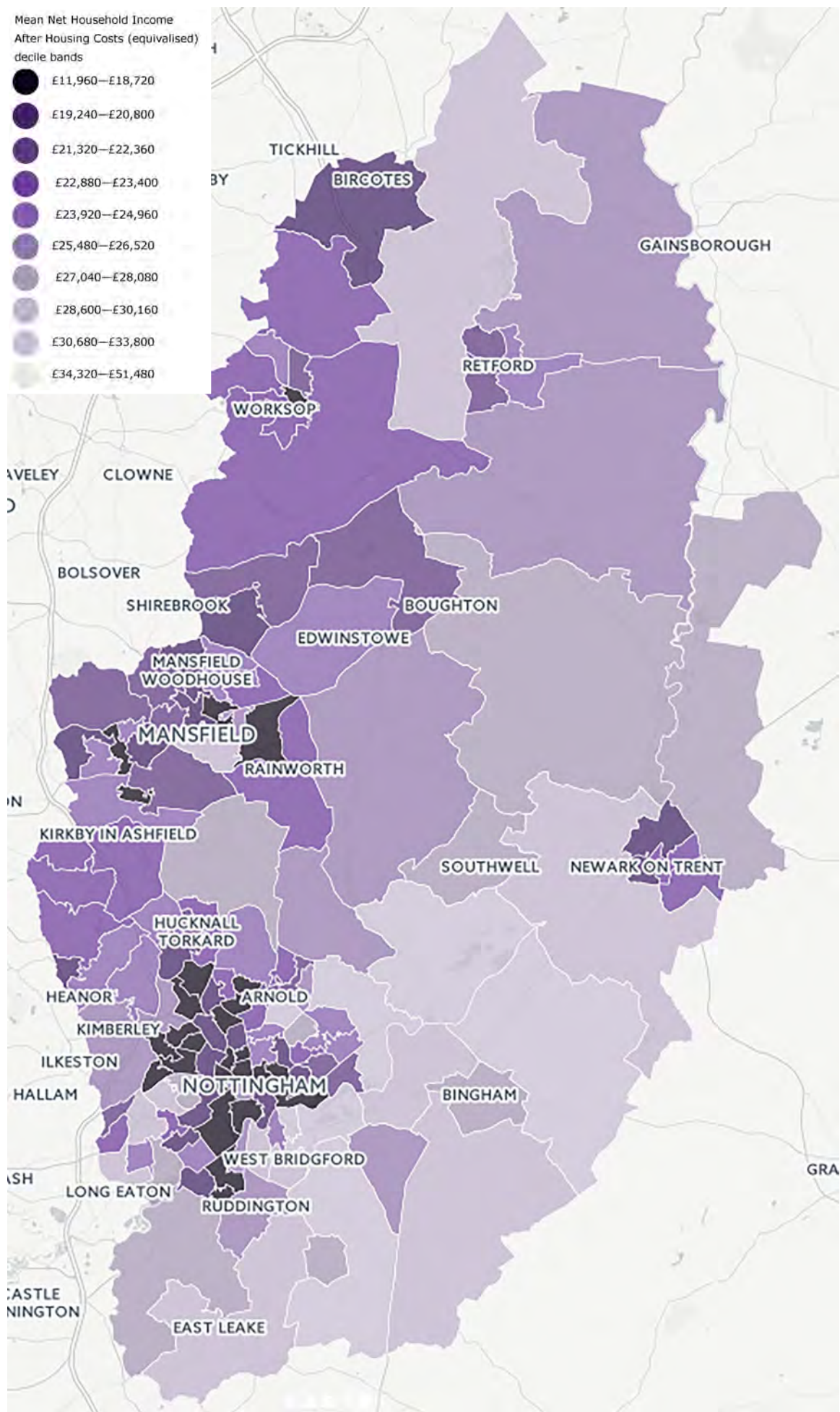


Figure C: Nottingham and Nottinghamshire map of household income based on ONS income estimate data, financial year ending 2014 (ONS 2016)



Household income and poverty

Having looked at national and regional distributions of income, we now turn our attention to income levels in Nottingham and the region.

Between 2000 and 2012, per person income in Nottingham City failed to grow at the same rate as parts of the country, the East Midlands region, or the UK as a whole. Growth strengthened in 2013 and 2014, but has fallen back since. In 2015, **Nottingham's per person gross disposable household income (GDHI³)** of £12,779 was the lowest among 173 UK areas, dropping from fourth lowest in 2014. By comparison, South Nottinghamshire experienced a 5.4% rise in GDHI per head at £19,659, the third largest rise in the UK. (ONS 2017b). What this points to is an increasingly prosperous area to the south of the city driving widening inequality in household incomes between those who live in Nottingham and those resident in these wealthier areas.

Nottingham City's workplace-based earnings were £2,755 higher than residence-based earnings which suggests that a relatively large number of highly paid and highly skilled workers in Nottingham City are resident elsewhere and that a lower proportion of residents are able to access or progress within the better paid and more highly skilled jobs in the city. Similarly, the residence-based earnings in Broxtowe and Rushcliffe (areas to the south of the city) were higher than the workplace-based earnings, which suggests that more highly paid and highly skilled individuals commute to work elsewhere, with a large proportion commuting to Nottingham City (ONS Commuter View, 2013).

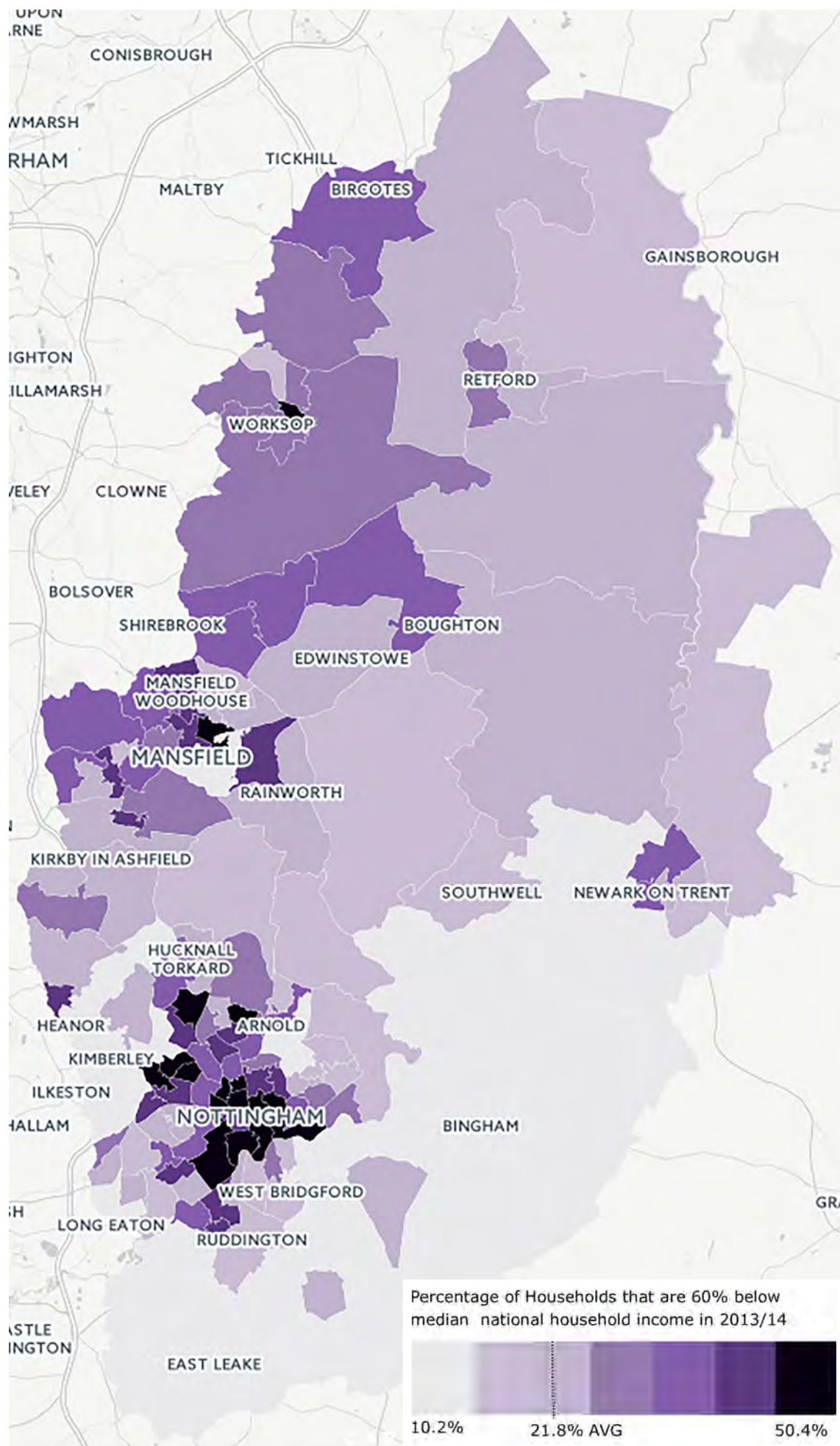
The map below (Figure D) shows the percentages of households living in poverty modelled from the ONS MSA area poverty estimates (ONS 2017c). Some neighbourhoods within Nottingham are identified as having very high percentages of households with incomes below £12,064.

Twenty-three neighbourhoods across Nottingham and Nottinghamshire (of 138) have over 30% of households below 60% median income. We know from previous studies that Ordinary Working Families with incomes at the lower end of the scale have a high probability of falling into poverty as defined by this measure.

³ Gross disposable household income: The amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. GDHI does not provide measures relating to actual households or family units.

ONS : <https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome>

14



Home ownership affordability

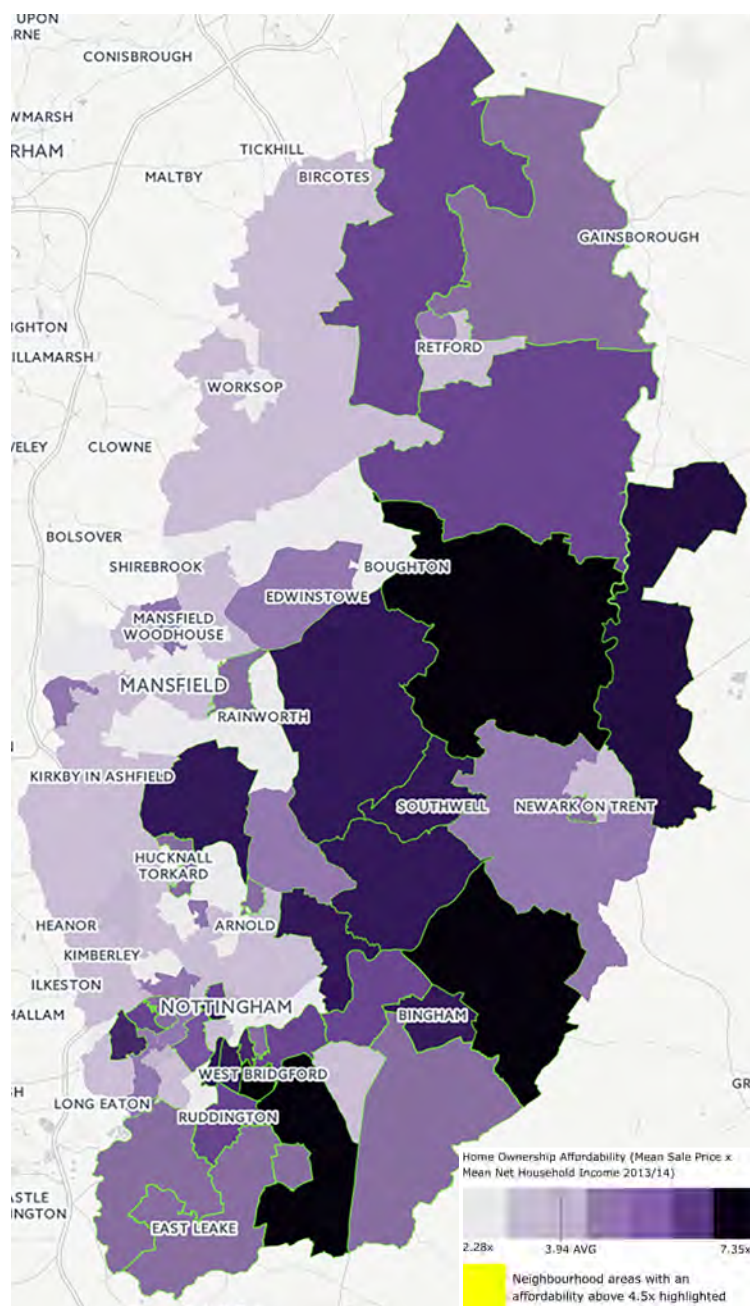
By combining ONS data on neighbourhood (MSOA) area incomes and house price statistics for small areas, we have conducted new analysis of the impact house prices may be having on Ordinary Working Families.

This map shows house price affordability by taking the household income estimates for each neighbourhood and matching against house prices statistics from the same period. The data show that there are numerous areas across Nottingham where the average household income will be insufficient to support the purchase of the average home in the area. Whilst this may not be a surprise when considering the national picture on housing

affordability, it is important to recognise that those people who have just been able to afford a house based on their household income may well be economically stretched if their income falls or living costs rise.

It should be noted that many people who can be considered to be Just About Managing will not be able to afford to own their own home. Recent research from Cardiff University (Hicks and Lanau 2017) highlights the increased challenge facing single-earner households in private and social rented accommodation and their increased risk of slipping into poverty. We will be conducting further research into this important area through 2017.

Figure E: Basic affordability model that combines ONS' Small Area Model-Based Income Estimates, England and Wales: Financial Year ending 2014 and House Price Statistics for Small Areas, 1995 to 2014 ONS (2015a and 2016).



Earnings in Nottingham and Nottinghamshire

When looking at the experiences of Ordinary Working Families, it is important to understand earnings in the region, given that earnings are a significant part of household income. The median (the value at the centre of the distribution) is the preferred measure in the case of earnings, as it is not as affected by a small number of very high earnings.

The data shows:

- the median of earnings for full-time workers resident in Nottingham was 17.3% lower than in the UK in 2016, with a smaller difference in the lower-middle and middle-earnings bands;
- the estimate for the bottom 20% of earners for Nottingham was 10.8% lower than for the UK, at £16,636 per annum compared to £18,649. It was 15.6% lower for the bottom 30%;
- for the higher earnings bands for which estimates are available, the difference between Nottingham and the UK is much larger, indicating lower earnings in Nottingham compared to the UK for higher earners.

This means that whilst all workers in Nottingham City earn below the UK median level, those in the higher earnings bands in comparison have the biggest wage gap to the national figure.

When exploring median earnings for individuals living in Nottingham City, it is clear they have been consistently lower than the national figure. In 2016, the median of annual earnings for residents in Nottingham was estimated to be £23,346, compared to £26,593 in the East Midlands and £28,213 in the UK. Over the last decade the gap has widened, with Nottingham City falling further behind its neighbours. In relation to our city neighbours, median earnings among residents of Derby were 1.5% higher than the UK median income (£28,654).

Over time, trends for wage growth in the East Midlands have followed the UK average, with slightly lower growth following the onset of recession but very similar rate of recovery from 2012. This means that earnings across almost all occupations in Nottingham are lower than either national or regional averages. As we show below, earnings across Nottinghamshire are lower than the UK average for professional occupations, albeit broadly in line in lower-paid occupations.

Occupations in Nottingham and Nottinghamshire

To understand more about Nottingham and Nottinghamshire Ordinary Working Families, we have analysed data on the occupations of workers. Below we look at 2011 census data and more current data to provide insights on occupations in the region.

Figure F: Largest Standard Occupational Classification (SOC) Type using 2011 Census Data (ONS, 2017a).

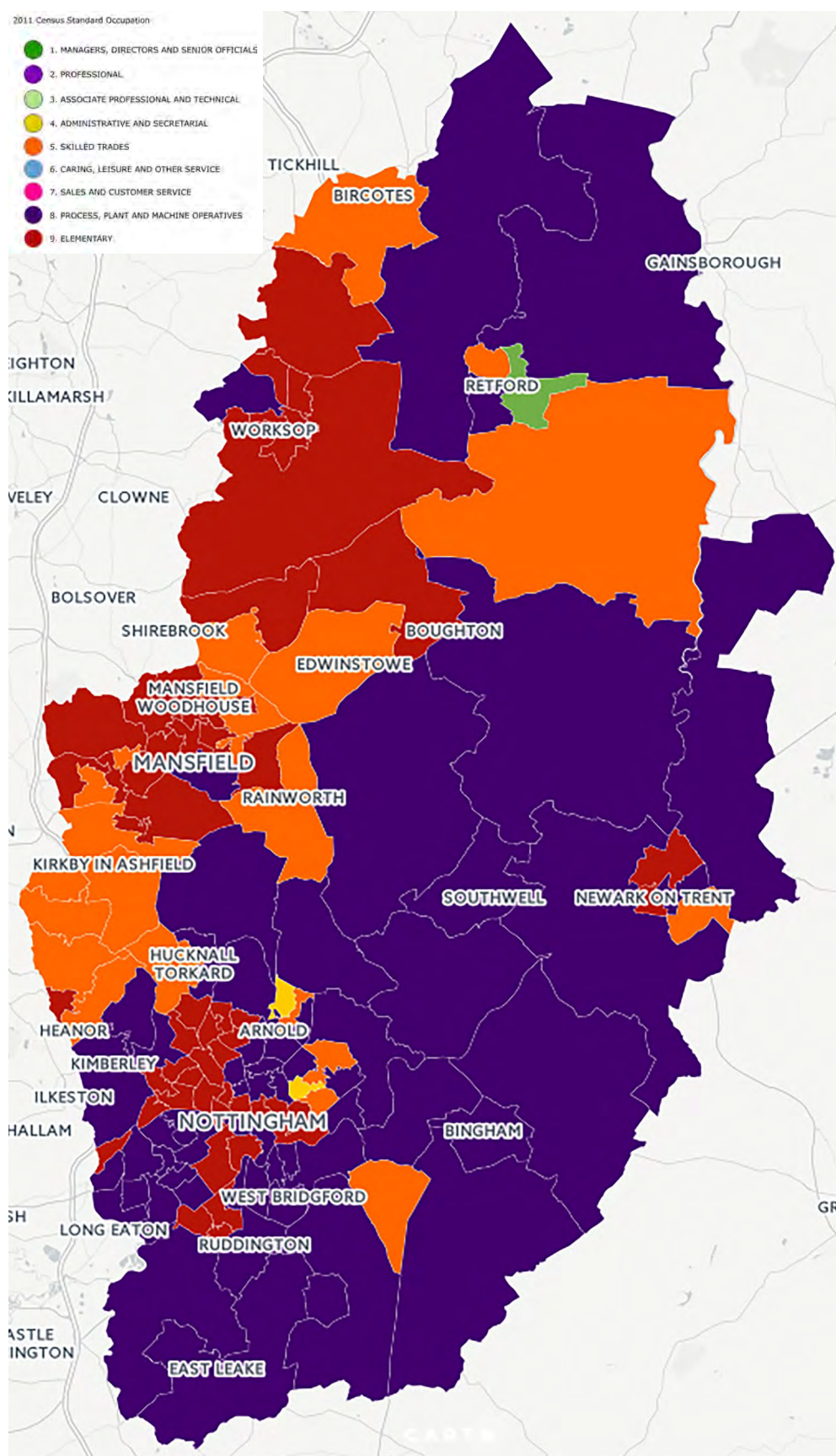
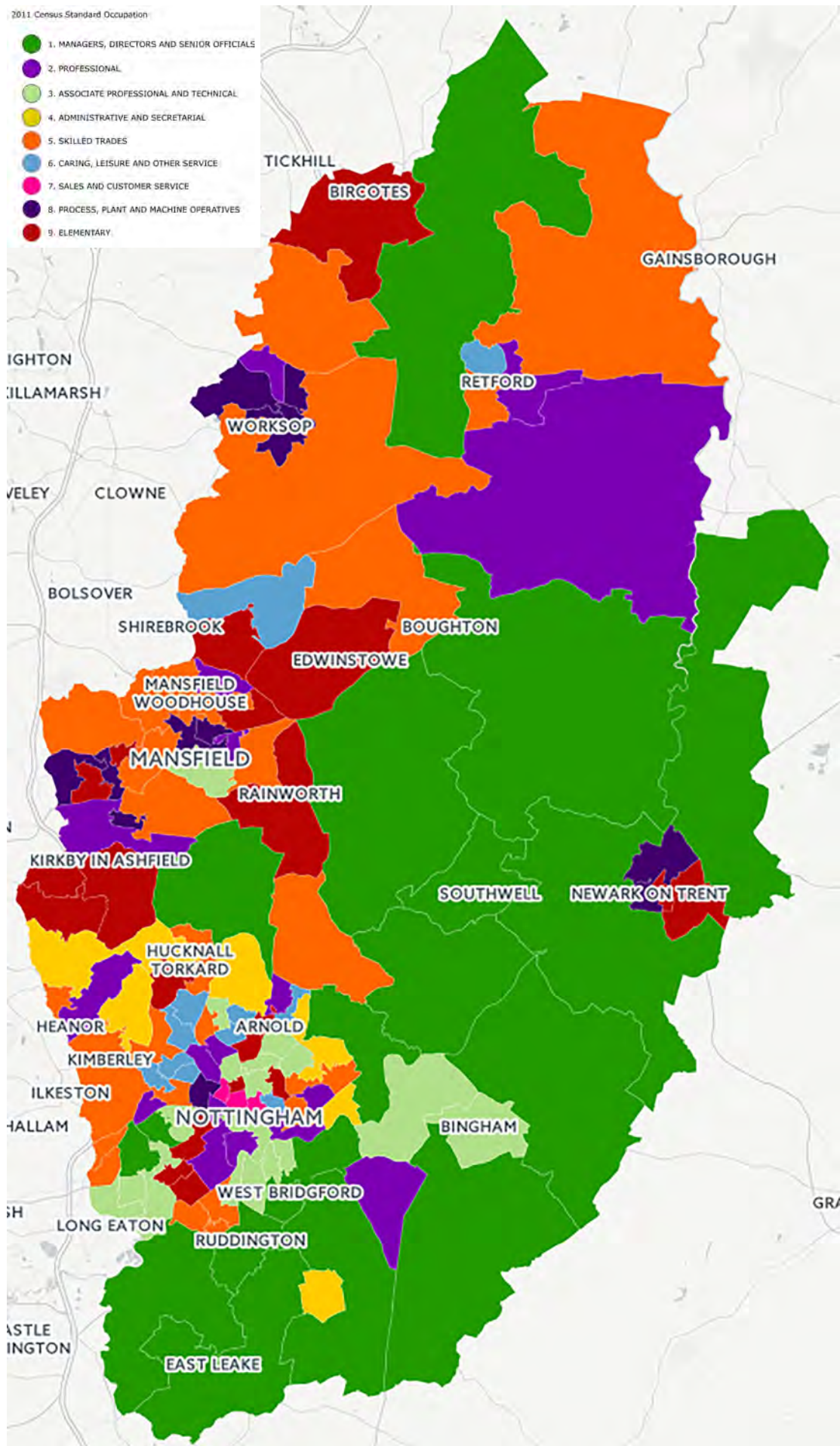


Figure G: Second Largest Occupational Classification (SOC) Type using 2011 Census Data (ONS, 2017a)



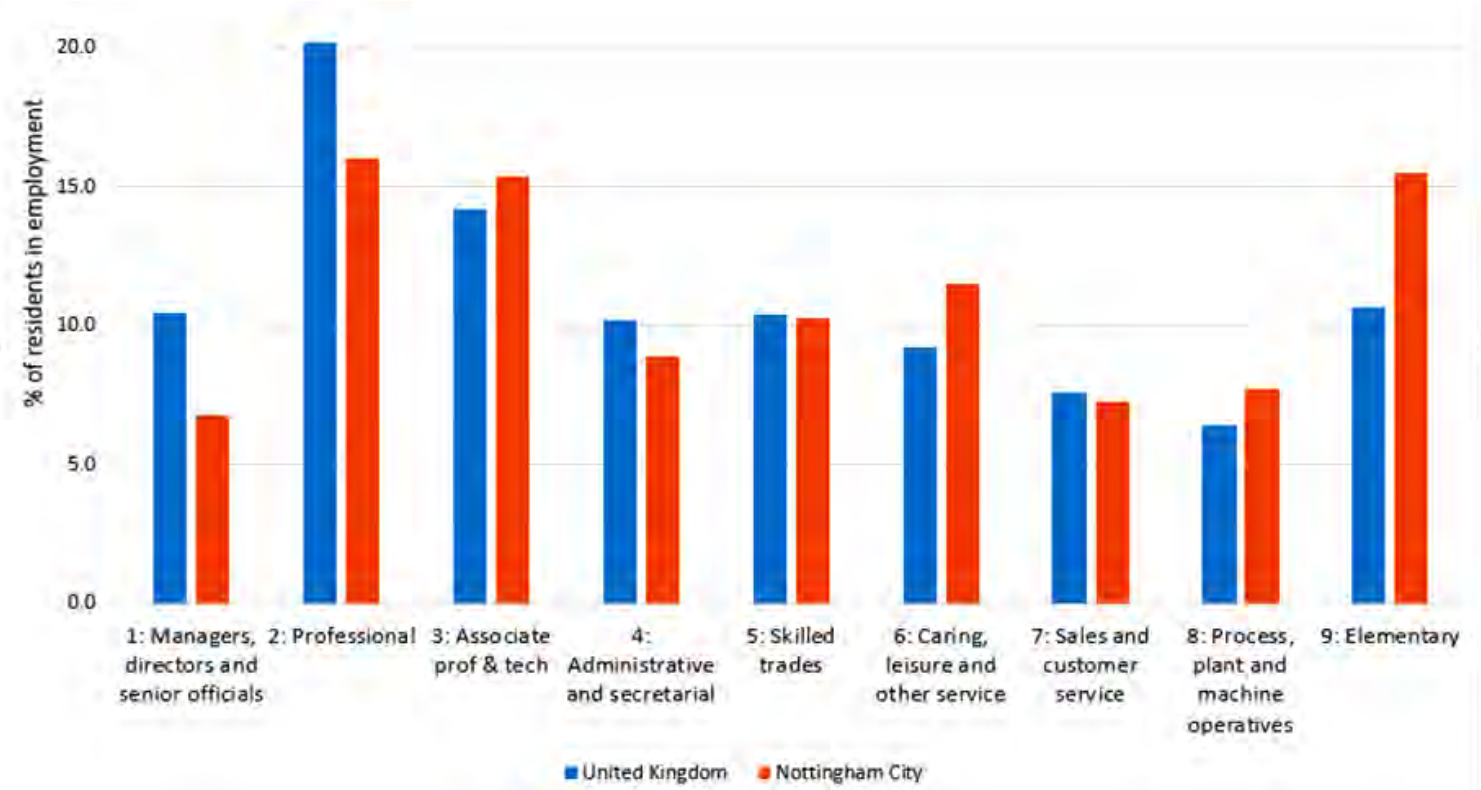
2011 Census data provide information about **people's job types**. The map above highlights the most typical occupation group by neighbourhood areas (MSOA) across all of Nottingham in 2011. We can see that two occupation classes dominate the picture: the professional occupations across large areas of Nottinghamshire, and elementary occupations across Nottingham City and the Mansfield and Worksop areas. Skilled trades are also well represented in some areas. Whilst on average we see a relatively even distribution of occupation types across neighbourhoods, in areas where professional occupations are the predominant occupation classification we see less variation in job types. This means that in areas where residents are more likely to be doing professional jobs, the social mix in relation to occupations is less. Occupations are closely associated with earnings (the link is

explored below), and whilst this does not completely correlate to household income, it does help to better locate Ordinary Working Families within Nottinghamshire and build a stronger understanding of the social mix in those areas.

To help provide a more detailed understanding of occupations across the region we have also mapped the second most prevalent occupation type by neighbourhood which shows that 20% of areas have Skilled Trades (5) as the second largest occupation group. Associate Professional (3) and Elementary (9) groups are the second most prevalent occupations in 14% of areas followed closely by Managers (1) on 13%.

To help build up a more in depth image we have also undertaken analysis of occupation types in 2016 across Nottingham City and the East Midlands.

Chart 1: Employment of residents by Occupation (Standard Occupational Classification 2010), 2017



Source: ONS Crown Copyright, (2017). *Annual Population Survey / Labour Force Survey*, January-December 2016, from NOMIS [accessed 28th April, 2017].

Chart 1 (overleaf) shows that the residents of Nottingham City have a markedly different skill profile than the UK overall:

- Employment in the highest-skilled occupation, managers, directors and senior officials (SOC 1) are underrepresented amongst residents of Nottingham, at 6.8% compared to 10.5% nationally in 2016.
- The lowest-skilled occupation, elementary occupations – which require no qualification, skill or formal training to perform (e.g. routine factory or warehouse work) – are over-represented in Nottingham, accounting for 15.5% of employed residents compared to 10.7% in the UK. The total resident workforce is 21,400 individuals in elementary occupations in Nottingham City.
- Nottingham also has an over-representation of employed residents in caring, leisure and other service occupations, at 11.5% compared to 9.2% nationally. This is significant because although this group require mid-level qualifications (usually requiring the equivalent of at least an NVQ Level 2 or five GCSEs at grades A* to C), this type of employment is on average less well paid compared to other intermediate-skilled occupations.
- Nottingham has an overrepresentation of associate professional and technical occupations usually requiring at least a NVQ Level 3, two good A-Levels or a first degree to perform (including associate and technical occupations in health, education, academia **and legal services, and “new” professions in ICT and the creative industries**), but has a much lower representation of managers, directors and senior professionals.

Our analysis of the Annual Survey of Hours and Earnings (ASHE) (ONS, 2017a) by occupation at a UK and East Midlands-level shows that across the East Midlands region occupations are paid less than across the UK as a whole, although this difference is not significant for professional occupations. In the UK, Managers (SOC 1) were paid a median of £42,109 in 2016, £13,896 more than the median for all occupations. Managers in the East Midlands were paid a median of £37,897 in the region, £4,212 less than in the UK overall.

The median earnings for elementary occupations (SOC 9) in the UK were £18,462, which is £9,751 less than the median for all occupations. In the East Midlands, elementary occupations had median earnings of £18,345. In the middle of the occupation -skill hierarchy, the skilled trades (SOC 5), a traditionally male-dominated group including the skilled construction trades (e.g. plumbers, electricians etc.), are paid a median of £26,131 in the UK and £25,649 in the East Midlands. This is significantly higher than caring, leisure and other services (SOC 6), with a higher representation of traditionally female-dominated occupations, paid a median of £17,665 in the UK and £17,060 in the East Midlands, the lowest annual earnings both nationally and regionally out of the nine occupation classifications.

In this our first report on Ordinary Working Families, Nottingham Civic Exchange has set out our analysis of data available to understand household income in Nottingham, the County and the region. We have also begun to explore other issues of relevance to understanding our struggling communities. We will pursue these questions and others in the next stages of our programme.

How to get involved

To find out more about the work of Nottingham Civic Exchange, or to help shape our upcoming work on Ordinary Working Families please get in touch.

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More information about the programme as it develops can be found on our website:

www.ntu.ac.uk/outoftheordinary

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